ROADSTAR INFRA INVESTMENT TRUST

Policy on Acquisition and Funding

<u>POLICY ON ACQUISITON AND FUNDING</u>

A. **Preamble:** This policy ("**Policy**") aims to provide a policy in respect of acquisition of any future special purpose vehicles ("**SPVs**") by the Roadstar Infra Investment Trust ("**Trust**"), and any funding that may be availed by the Trust in respect thereof. Accordingly, the Trust, acting through its investment manager, namely Roadstar Investment Managers Limited ("**Investment Manager**"), has adopted this Policy. This Policy will be effective on, and from, the date on which the Units are listed on one or more recognized stock exchanges in India.

B. The Trust shall be entitled to acquire a future SPV, subject to compliance with this Policy and applicable law, provided that such future SPV meets each of the following criteria:

(i) has residual revenue generating period of not less than 3 years;

(ii) is a completed and revenue generating asset or, in the reasonable assessment of the Investment Manager, could be converted into a completed and revenue generating asset over the next 18 months; and

(iii) there are no substantial risks which, in the reasonable assessment of the Investment Manager, may lead to suspension or termination of the revenues.

A future SPV that meets each of the aforesaid criteria shall be deemed an "**Eligible SPV**".

C. With preparation of the business plan of the Trust, an annual acquisition plan at the beginning of each financial year shall be prepared, ("**Annual Acquisition Plan**"). The Annual Acquisition Plan shall include details in relation to the likely target assets, estimated valuation, potential sources of funding, estimated expenses for due diligence, means of finance and plan of funding for the proposed acquisitions, along with other transaction related costs.

D. The Investment Manager will undertake an independent evaluation for all potential acquisition opportunities, including carrying out a detailed diligence exercise. The Investment Manager, if required, may empanel key advisors with relevant experience and credentials for carrying out various work streams of due diligence, such as technical evaluation, legal and regulatory, finance, accounting and tax, human resources, environment, health and safety (EHS), secretarial, insurance advisors. This is only an indicative list and may be modified depending upon the nature and size of the target assets.

E. The Trust shall be obligated to repay any and all shareholder loans or advances held by any person in such Eligible SPV.

F. Any offer or an invitation to offer, made by any person ("**Seller**") in relation to an Eligible SPV controlled by such Seller, shall be presented by any member of the key management team of the Investment Manager to the board of directors ("**Board of Directors**") of the Investment Manager. Such an offer shall, among other things, set-out the non-binding offer and the information including, the price, the details of the Seller and its nominees, and the terms of the sale proposed by the Seller.

G. The Trust shall meet its funding requirements, including funding for acquisition of any Eligible SPVs and for capital expenditure requirements for any capacity augmentation, in accordance with the terms set out in this Policy.

H. Subject to compliance with applicable law and the Trust's Policy on Borrowing, the Trust may avail additional debt (along with provision of security for such debt) for the purposes of funding the acquisition of any Eligible SPVs, provided that compliance with the following conditions is ensured:

(i) the aggregate consolidated borrowings and deferred payments of the Trust, at a consolidated level, shall not exceed such limit as prescribed under applicable law;

(ii) the debt is availed at commercially reasonable terms as may be determined by the Board of Directors. The Investment Manager shall ensure that the Trust does not undertake any obligation which would result in its liabilities exceeding the value of the total assets of the Trust;

(iii) the terms of any debt proposed to be availed require complete repayment at least one year prior to the expiry of the relevant concession agreement of the Eligible SPV; and

(iv) the average debt service coverage ratio on a consolidated basis is not less than 1.75 times.

If the funding requirements of the Trust are not fulfilled for the acquisition of the any Eligible SPVs post utilisation of the debt availed in accordance with this point (F) above, the Trust may arrange for the balance funds in accordance with point (I) below.

I. Subject to compliance with applicable law, the Trust may utilise such portion of its distributable income as are set aside as reserves for the purposes of funding the acquisition of any Eligible SPVs. In case there is any trapped cash or any other trapped liquid investments in the Trust, the same can also be utilised for acquisition of Eligible SPVs in any feasible manner (such as security for any borrowing). In the event that the Trust does not have sufficient funds under this point (I), the Trust may arrange for balance funds in accordance with point (J) below.

J. The Trust may raise funding for the acquisition of any Eligible SPVs by undertaking a rights issue to its existing unitholders in compliance with applicable law.

K. The payment of any consideration by the Trust to the Seller(s) for the acquisition of future SPVs controlled by the Seller(s) shall only be made in cash, as may be available with the Trust in accordance with terms of this Policy; provided that so long as such a Seller is not a competitor of the Trust, the Trust may undertake a preferential issue of such number of Units as consideration to such a Seller for the acquisition of the Eligible SPV controlled by the Seller(s), at a price determined in compliance with applicable law.

L. At least once every year, the chief financial officer (or in case the position of chief financial officer is vacant for any reason, then the chief executive officer) of the Investment Manager shall explore the possibility of, and present a report to the Board of Directors of the Investment Manager, on refinancing whole or part of the existing debt of the Trust and/or the special purpose vehicles of the Trust.

M. If the Board of Directors of the Investment Manager (either by itself or through a committee designated for such purpose) determines that the expected gains from refinancing exceed the costs of such refinancing and thereby approves the debt refinancing proposal (including with modifications) of the chief financial officer or chief executive officer, as the case may be, then such refinancing proposal shall be implemented, subject to compliance with applicable law. If the Board of Directors of the Investment Manager (either by itself or through a committee designated for such purpose) determines that the expected gains from refinancing is less than the costs of such refinancing and thereby disapproves the debt refinancing proposal (including with modifications) of the chief financial officer or chief executive officer, as the case may be, then such refinancing proposal shall be terminated.

N. Any amendment/variation of this Policy shall require the prior approval of the Board of Directors of the Investment Manager

O. Notwithstanding the above, this Policy will stand amended to the extent of any change in applicable law, including any amendment to the InvIT Regulations, without the requirement of any further action from the Investment Manager or the Unitholders of the Trust.

Date Adopted	**January 25, 2024**
Date Last Updated	**-**